

## 3.0 Funding for Airport Projects

The Virginia Aviation Board has determined that state funding should be expended on specified elements of airport planning and development projects. State funding should be allocated to sponsors who meet requirements established by the *Virginia Aviation Regulations* or board policy. It is VAB policy to allocate funding for airport improvements in order to:

- meet regulatory and policy obligations
- maximize benefits to the public
- improve access to airports

The VAB and DOAV participate in projects that are either federally funded or state funded. A federally funded project involves federal, state, and local funding. A state funded project involves state and local funding only.

### 3.1 State Aviation Funding Resources

The Commonwealth Airport Fund and the Aviation Special Fund provide the financial resources for the programs established and administered by the VAB and the Virginia Department of Aviation.

DOAV may conduct an audit on an airport sponsor's use of state entitlement and discretionary funds to support accountability monitoring. Results will be reported to the VAB for appropriate action.

#### 3.1.1 Commonwealth Airport Fund

The Commonwealth Airport Fund (CAF) receives its revenue from an annual allocation made by the Commonwealth Transportation Board to the Virginia Aviation Board. The *Code of Virginia* specifies that CAF resources shall be allocated to airports on the basis of their service role as identified in the *Virginia Air Transportation System Plan (VATSP)*. Entitlement and discretionary funds are made available from the CAF and are used under the Airport Capital Program.

**3.1.1.1 State Entitlement Funds** From the CAF, state entitlement funds are allocated annually to sponsors of airports that have scheduled air carrier service in accordance with *Code of Virginia* §58.1-638.A3. This allocation is based on each airport's enplanements as a percentage of all air carrier airport enplanements within the state during the previous calendar year. Initial calculations will be made using the draft annual enplanement data published in FAA's Passenger Boarding and Air Cargo Data, which is extracted from the Air Carrier Activity Information System provided by the Research and Innovative Technology Administration of the Bureau of Transportation Statistics. The percentages will be revised when the final annual enplanement data is published. *Code of Virginia* §58.1-638.A3a specifies that no air carrier airport shall receive less than \$50,000 or more than \$2 million per fiscal year in state entitlement funds.

When an air carrier airport sponsor has unobligated state entitlement funds at the end of a fiscal year, the unobligated funds are added to the balance of state entitlement funds awarded to the sponsor for the following fiscal year.

Sponsors eligible for state entitlement funds must submit a *Commonwealth Airport Fund Entitlement Utilization Report* for VAB approval each year in order to qualify for state discretionary funding. These reports provide an annual accounting of the previous fiscal year's state entitlement fund expenditures. Utilization reports shall be filed within 30 calendar days after the close of the fiscal year. The DOAV form must be used for reporting by sponsors. Reporting submitted on other forms will be returned to sponsors.

DOAV reviews the reports and makes recommendations to the VAB. Following VAB action on the reports, DOAV will notify sponsors of the VAB's decisions regarding the utilization reports. If a sponsor does not submit an entitlement utilization report and subsequently requests state discretionary funds, all prior unreported expenditures will be assumed to be outside of normal project expenditures and treated as described in 3.1.1.3.2 Projects Outside of Normal Expenditures.

**3.1.1.2 State Discretionary Funds** *Code of Virginia* §58.1-638.A3 directs the VAB to allocate funds to air carrier, reliever, and general aviation airports on a discretionary basis. These funds are known as discretionary funds.

**3.1.1.3 Air Carrier Utilization of State Entitlement and Discretionary Funds** It is the expressed intent of the VAB that an air carrier airport sponsor totally obligates its state entitlement funds prior to that sponsor receiving any state discretionary fund allocations. These funds include unexpended state entitlement funds from previous fiscal years, interest earned on state entitlement funds, and passenger facility charges used to reimburse state entitlement fund accounts.

DOAV encourages sponsors to use other available federal, state, and local funding options, such as passenger facility charges, before applying for state discretionary funds. If a sponsor of an air carrier airport needs state discretionary funds to meet capital needs, the sponsor must file a six-year Airport Capital Improvement Plan with DOAV, denoting how the state entitlement and discretionary funds will be used.

The sponsor determines the expenditure of state entitlement funds; however, it is the VAB's intent that these funds be used as the state's share of costs for eligible federally funded projects. As the VAB approves state entitlement utilization reports each fiscal year, the VAB's actions regarding the expenditure and commitment of an airport's state entitlement funds will be used by DOAV as a basis for recommendations to approve or disapprove allocations of state discretionary funds for eligible projects.

State entitlement funds can be used for any project eligible under the Airport Capital Program, Facilities and Equipment Program, and Maintenance Program. Operational costs are not eligible under any state funding program. If state entitlement funds are used for projects eligible under the Facilities and Equipment

Program or Maintenance Program, the sponsor shall not be eligible to receive approval for any funding from the respective programs during the fiscal year in which the state entitlement funds are spent, except as otherwise described in 6.7.5 Facilities and Equipment, Security, and Maintenance Project Requests, from the chapter on the Airport Capital Program; 7.2.4 Utilization of Airport Capital Program Funds, from the chapter on the Facilities and Equipment Program; 9.2.1.1 Obstruction Removal and 9.2.4 Utilization of Airport Capital Funds, from the chapter on the Maintenance Program; A.11 facility and equipment, security, and maintenance projects and A.13 obstruction removal, from Appendix A. If it is determined during the review of an entitlement utilization report that a sponsor used entitlement funds for eligible facilities and equipment projects or maintenance projects, as described in this section or Appendix A, and also used Facilities and Equipment Program or Maintenance Program funds for other projects eligible under the respective programs, the sponsor must reimburse the state for the Facilities and Equipment Program or Maintenance Program grants or allocations approved within that fiscal year.

To insure that state discretionary funds are being used to the greatest benefit to the state air transportation system, DOAV will track the allocation of state discretionary funds to the sponsors of air carrier and reliever airports and the distribution between funded projects and unfunded projects due to the lack of an available balance for the capital program. DOAV will report its findings and recommendations regarding funding policy to the VAB each May.

**3.1.1.3.1 Entitlement Only Projects** Certain projects have been determined to be eligible only for the expenditure of state entitlement funds, referred to as entitlement only projects. Sponsors cannot request state discretionary funds for these projects. Most of these projects relate to expanded maintenance projects and purchases or are directly related to meeting safety and performance standards established by FAR Part 139 and TSAR 1542. Projects that are eligible only for state entitlement funds include but are not limited to:

- debt service retirement
- aircraft removal systems
- construction of ARFF simulator facilities and the provision of their related equipment, such as simulator pad, airfield access, and propane
- maintenance contracts and repairs related to systems and equipment
- purchase of equipment for snow and ice removal and treatment that exceeds a snow removal equipment plan for a FAR Part 139 airport
- purchase of firearms and body armor for law enforcement officers employed by the airport
- procurement of equipment, videos, and consultant services used to meet FAR Part 139 and TSAR 1542 training requirements
- improvements and training needed for OSHA compliance

The project priority score for entitlement only projects is zero, with the exception of debt service retirement. When the sponsor of an air carrier airport needs to request

state discretionary funding, the project request evaluation process would begin with the scoring of all of the projects in the airport's Airport Capital Improvement Plan for the appropriate fiscal year. The state entitlement funds available to the airport would be allocated to the highest scoring projects. The remaining projects would then compete for air carrier/reliever discretionary funds to be allocated by the VAB. From those allocated state discretionary funds, deductions would be taken equal to the state's share of expenditures made for any entitlement only project already undertaken within the fiscal year.

**3.1.1.3.2 Projects Outside of Normal Expenditures** Certain projects not listed or generally described in this manual have been determined to be outside of normal project expenditures. If the sponsor of an air carrier airport uses state entitlement funds for such a project, the state's share of the project cost will be counted against new requests for state discretionary funding. DOAV will maintain an accounting of project activity outside of normal project expenditures. When a sponsor for an air carrier airport requests state discretionary spending, the balance in the accounting will be deducted from the state's share of the requested project. Projects will be retained in the accounting until they are deducted from a state discretionary project request or they have been on record for three fiscal years, at which time the projects will be removed from the accounting.

Projects that are considered outside of normal project expenditures include but are not limited to:

- aviation promotion projects
- air service development projects
- landside passenger shuttles
- recurring operational costs
- airport personnel salaries and benefits

### **3.1.2 Aviation Special Fund**

The Aviation Special Fund (ASF) is used for facilities and equipment, general aviation security, maintenance, aviation promotion, and air service development programs. Under *Code of Virginia* §5.1-52, taxes on aviation fuel and fees for licensing airports and aircraft are revenue sources for the ASF.

## **3.2 Federal Aviation Funding Resources**

Federal funding allocations are based on an airport's inclusion and service role in the National Plan of Integrated Airport Systems (NPIAS) developed by the Federal Aviation Administration. Like the state aviation funding resources, federal entitlement and discretionary funds are available to eligible sponsors.

*Code of Virginia* §5.1-47 requires airport sponsors to submit a copy of their federal six-year plans and project applications to DOAV for approval prior to submitting the plans and applications to FAA.

### 3.3 Utilization of State and Federal Funding Resources

The VAB and DOAV strongly encourage eligible sponsors to maximize the availability and use of federal funding by maintaining a current federal six-year capital improvement plan and applying for federal funding for eligible projects. The General Assembly's *Appropriations Act* specifies that it is legislative intent for DOAV to match federal funds to the maximum extent possible.

DOAV may participate in the funding of a project with an airport sponsor either as part of a federally funded project or a state funded project. For most federally funded projects, DOAV and the sponsor will each fund a share of eligible costs not covered by the federal participation. DOAV's funding portion is 60 percent of the non-federal share when state discretionary funds are involved. For most state funded projects, DOAV and the sponsor will each fund a share of eligible costs. State participation percentages are based on the type of project undertaken and the state funding program used for the project. For example, DOAV may participate in a site preparation construction project at a rate of 80 percent and a general aviation security sign installation project at a rate of 90 percent. A summary of state participation rates by general project categories is provided in Appendix F State Participation Rates.

Airport sponsors should carefully consider available state and federal funding programs and identify the best funding resources that fit their *VATSP* service roles and individual airport needs. Table 1 Funding Program Eligibility Based on Airport Role gives an overview of which state and federal funding programs are available to sponsors, based on airport roles within the state and federal airport systems. Airport roles are provided in Appendix G Airport Classification Roles.

Table 1  
Funding Program Eligibility Based on Airport Role

Funding Programs	Airport Role				
	Air Carrier	Reliever	General Aviation (NPIAS)	General Aviation (non-NPIAS)	General Aviation (non-NPIAS) Local Service
Federal Primary Entitlement	X				
Federal Non-primary Entitlement		X	X		
Federal Discretionary (Apportionment/Discretionary)	X	X	X		
State Entitlement	X				
State Discretionary	X	X	X	X	limited*
Facilities and Equipment	X	X	X	X	limited*
Voluntary Security		X	X	X	X
Maintenance	X	X	X	X	X

\*Local service general aviation airports are eligible only for safety and preservation projects under the State Discretionary Program and the Facilities and Equipment Program.

### 3.4 Utilization of Insurance Resources

If a sponsor is applying for funding to rebuild or repair facilities or equipment covered by insurance, state participation would be 80 percent of either the sponsor's deductible or the uninsured amount, whichever is less. For terminal buildings, the state's participation is based on the public-use space ratio. If only a portion of the terminal building is involved, the state's participation is based on the percentage of public-use space in that area. For whole building systems for terminal buildings, the state's participation is based on the public-use space ratio. When requesting funding relating to an insured facility or piece of equipment, sponsors must provide DOAV with supporting documentation that shall include a written response from the insurer detailing what work and equipment are covered, or, if the insurer declines a sponsor's request, why the insurance is not covering the needed work or equipment.

### 3.5 Disposal of Property Acquired with State Resources

Sponsors may no longer need property originally acquired with state funds to meet their aeronautical and operating needs. Examples of this property are land, maintenance equipment, and loading bridges. If a sponsor disposes of such property and receives a payment from the sale of the property, the sponsor must reimburse the state with a percentage of the selling price. That percentage must match the state's participation rate in the grant agreement for the property.

When a sponsor transfers property to another Virginia airport that has a need and the sponsor receives compensation, the sponsor must provide DOAV with 50 percent of the value of the compensation within 30 calendar days of its receipt.

When a sponsor uses a piece of equipment as a trade-in towards the purchase of new equipment, the credit given by the vendor must be applied to the state's share of the purchase. The percentage applied to the state's share must match the state's participation rate in the purchase of the original equipment.